

Towing Advisory Board

Scope of Work

- Examine present towing policy and procedures including City Code and any departmental policies.
- Make recommendations on any appropriate changes.
- Consider if the City should go to a rotation system or remain with the past practice of signing a contract with one tower.
- Determine minimum qualifications for either a single tower or multiple towers on a rotation system.
- Consider and make recommendations on other matters related to towing operations in the City as the advisory board deems appropriate. This should be limited to the towing of private vehicles, not the City's contract for towing if City-owned vehicles.

L. Kimball Payne, III
City Manager
City of Lynchburg, Virginia

Dear Mr. Payne:

Lynchburg City Council re-established the Towing Advisory Board on August 12, 2003 to examine the present towing policy and procedures existing throughout the City; make appropriate recommendations and changes; consider whether the City should go to a rotation system or remain with the past practice of utilizing a single contracted tower; determine minimum tower qualifications regardless of the system ultimately selected; make any other recommendations relating to towing operations within the City regarding the towing of private vehicles, not City owned vehicles which are serviced under a separate contract.

Towing Advisory Board

The current Towing Advisory Board consists of nine members representing the interests of the City of Lynchburg, towing and recovery operators, automobile dealerships, automobile repair facilities and citizens. The individual members and their represented interests are as follows. City of Lynchburg representatives are Captain Andy Vest representing the Police Department; Barry Martin representing LYN-COM; John McCorkhill representing Fleet Services; Blake Isley representing Risk Management. The towing and recovery representatives are Jane Rigney-Trent with Glenn Trent and Kevin Jones with Bee Line. Jim Martin is representing the automobile dealerships. Johnny Shaner represents automobile repair shops and offers towing services as well. Joe Reed is the citizen representative on the Board.

The Towing Advisory Board met six times during the past three months to evaluate our current towing system and to educate ourselves regarding the rotational towing system, which is utilized in the majority of cities and counties throughout Virginia. We met with a representative from the Virginia Association of Towing and Recovery Operators (VATRO) who shared a great deal of information with the Board regarding various rotational towing systems currently in place throughout the State. We obtained and reviewed a copy of the Virginia State Police Towing and Recovery Guidelines manual which established a rotational towing system for all accidents worked by the State Police. We also obtained a copy of the towing policy and procedures established by Roanoke City for their police tows. Roanoke, like the State Police, also operates under a rotational towing system. Copies of both documents are attached.

Current Towing Policy

In the past the City has periodically awarded an annual contract for the towing of City vehicles and an annual contract for the towing of privately-owned unattended, abandoned, or disabled vehicles that are towed by the authorization of the Police Department. These contracts have been awarded as a result of competitive sealed bidding.

The procedures that are followed for police authorized tows of illegally parked, unattended or disabled motor vehicles can be summarized as follows:

- a. The City's towing contractor provides towing services for illegally parked, unattended vehicles and other vehicles that need to be towed in situations where the owner/operator is not available and has not made their own arrangements for the removal of the vehicle.
- b. Towing services for disabled vehicles where the owner/operator is available are handled as follows:
 - i. If the owner/operator has a preference for a particular towing company, that company will be used if available.
 - ii. If the owner/operator does not have a preference for a particular towing company or location for delivery of the disabled vehicle, the police officer will advise the owner/operator that the City's standard procedure is to tow the vehicle to the automobile dealership selling that particular make of vehicle by the towing company that has the contract with the dealership, unless the owner has an objection.
 - iii. If the owner/operator does not have a preference for a particular towing company and does not want the vehicle towed to an automobile dealership, the City's towing contractor tows the vehicle to their secure storage facility.

One of the disadvantages of the City's current towing policy is that LYN-COM must keep up with the numerous towing contracts between the various towing companies and the automobile dealerships, independent body shops and repair facilities so it will know which towing company to call for a particular make of vehicle. LYN-COM would prefer a towing policy where it does not have to monitor these private contracts. Also, the Towing Advisory Board did not consider and is not making any recommendations concerning the annual contract for the towing of City vehicles.

Recommendations of the Towing Advisory Board

It was evident from the beginning that there were two opposing viewpoints present among members of the Board. Some members wanted the towing process to remain unchanged and others advocated changing to a rotational system. Due to these diametrically opposed positions, there was no overall consensus among Board members on any of the issues with which we dealt. All votes taken regarding whether to change systems and relating to pre-qualifications ended up being split votes and the following recommendations from the Towing Advisory Board reflect the opinions of the majority of the Board.

The Board voted 6-2-1 to recommend changing from the current towing system to a three tiered (light/medium/heavy) rotational towing system based upon the Virginia

State Police program, which incorporates the various State statutes and is based on a national towing system model. The following recommendations relate to establishing standards and pre-qualifications for towing companies desiring to be placed on the City's rotation list. We dealt with the major issues as many of the detailed provisions are established by State law and covered in the State Police manual. The recommended procedures and pre-qualifications are as follows:

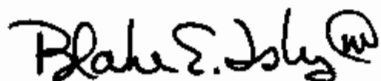
- 1) Fenced, lighted storage lot/office located within the City limits for the convenience of citizens. Minimum of one tow truck to be housed on lot within City of Lynchburg for LPD initiated tows.
- 2) Must obtain a City of Lynchburg business license, if required.
- 3) Must be able to respond within 30 minutes day or night for light and medium tows; respond within 60 minutes day or night for heavy tows.
- 4) Towing Companies will clean up debris and moderate fluid spills at accident scenes.
- 5) Allow pre-qualified towers to enter rotation list initially and upon annual renewals.
- 6) Submit rate structures so average rates for services can be established to ensure equity among rotational towers until a Statewide study conducted by Virginia Polytechnic Institute and State University is completed and can be reviewed by the Board for possible adoption.
- 7) Must carry a minimum of \$1,000,000 Automobile/premises/garage keepers liability insurance and "On Hook" limits of \$75,000 for light and medium tows; \$150,000 for heavy tows to protect the property of the general public.
- 8) Must carry Workers Compensation coverage on employees-Statutory amount.
- 9) Establish procedures to suspend or remove towers from the rotation list if performance is sub-standard.

There is one major issue that remained unresolved at the conclusion of our final Towing Advisory Board meeting. The local automobile dealerships want the City to continue the current practice of requiring all qualified towing companies on the rotation list to automatically tow vehicles to the dealership associated with the manufacturer of the disabled vehicle. The independent body shops and repair shops want the disabled vehicles towed back to the towing company's storage facility so they would have an opportunity to compete for the work. The towing companies want to tow the disabled vehicles to their storage lots so they could realize the revenue generated from the vehicle storage should the owners or insurance adjusters not claim vehicles within the first 24 hours. The Board vote was split down the line on this issue and we felt it was appropriate to offer the City several viable options. Obviously, one group or the other is going to be dissatisfied regardless of the ultimate decision. This decision would only impact those vehicles and individuals who do not have any preference as to who tows their vehicle or where it is to be towed. Citizens will always be able to select their towing company and the destination of their vehicle. Several options for consideration follow:

- 1) The City could remain completely neutral regarding the final disposition of the towed vehicles when owners have no preference. The towing companies would

either negotiate individually with private businesses or store vehicles at their secure lots.

- 2) The City could require all towing companies on the list to tow vehicles to the dealership, or their designated body shop, representing the manufacturer of that vehicle when the owner has no preference. Dealerships or their designated lots should be located within the City limits for convenience of citizens.
- 3) The City could require all towing companies on the list to tow vehicles to their secure lots at the time of the accident and await instructions from the insurance adjuster or owner on the ultimate destinations of the vehicles.

A handwritten signature in black ink that reads "Blake E. Isley, III" followed by a stylized circular mark.

Blake E. Isley, III Risk Manager
Chairman, Towing Advisory Board

HAMMERSLEY

MOTORS INCORPORATED

2643 Lakeside Dr. • Lynchburg, VA 24501 • (434) 385-6226

June 2, 2004

RECEIVED
JUN 03 2004
Lynchburg, VA

Mr. Kimball Payne
City Manager
P.O. Box 60
Lynchburg, VA 24505

Dear Mr. Payne,

I understand you are investigating the possibility of changing the present towing procedure and replacing it with the "Rotation System." This bothers me for a number of reasons, but let me tell you first about a customer who experienced this "Rotation System" in Bedford County.

Mrs. AnnMarie Kadak gave me permission to use her name and would be glad to talk to anyone about her misfortune. Her son had an accident in Bedford County and only received minor cuts, but did extensive damage to the vehicle. When the tow truck driver arrived, Mrs. Kadak was not asked "if she preferred a specific towing company." She requested that the vehicle be towed to Hammersley Motors to which the driver responded, "why do you want to tow it there, they don't have a body shop." He then informed her that he could tow it to his establishment until her insurance company decided the next course of action. In the haste of the situation, she agreed, and the vehicle was towed a short distance to this establishment that also did not have a body shop.

Two days later, when she inquired about the cost of towing, the owner informed her that the towing charge was \$75.00 and that she owed \$50.00 (\$25 per day) for storage. He did not inform her about the storage charges prior to this. Mrs. Kadak was upset because she knew if it was towed to Hammersley's lot, as she had requested originally, there would have been no storage charge. It is not our policy to ever charge our customers for storage of their vehicle when it has been towed to our facility for repair. Mrs. Kadak had to pay the towing and storage charges out of her own pocket.

I have a few concerns regarding the Rotation System:

1. How many times will an experience like this happen with the rotation system?
2. How will charges be explained to the customers prior to towing the vehicle?
3. How much business will I lose because of overzealous repair centers towing my customers' vehicles to their shop?

"Your Authorized Lincoln-Mercury, BMW and Mercedes-Benz, Dealer"

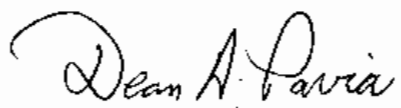
4. With the system in place now, my designated body shop would receive the vehicle, presumably perform the repair, and buy factory body parts from us. Would this happen with other body shops? Or would they buy their Japanese parts from out of town vendors?
5. If the vehicle is totaled, would I get the chance to resell this customer a new vehicle?
6. Are my customers going to be treated as "preferred customers" as they are now?
7. What loyalty does the Rotation System instill in the towing companies?

Finally, when my customers call me about their unfortunate experiences, may I give them your number so that you may explain to them why you felt the need to change a procedure that has been working well for so many years to something that is a proven failure in other localities?

In closing, I have been with Hammersley Motors for 29 years and the current towing procedure in place ensures that my customers are safe, satisfied, and appropriately billed for services rendered. It also ensures that I have the opportunity to assist my customers with repairs, decisions regarding insurance, and to recommend the appropriate body shop that can repair their vehicle to factory specifications. Most importantly, the current procedure gives me the opportunity to sell my customers a new or previously owned vehicle, which is why we are in business in the first place.

Thank you for your attention in the matter and I sincerely hope you will consider what I have said and leave a good procedure in place.

Sincerely,



Dean A. Pavia
Vice President
Hammersley Motors, Inc.

MITCHELL AUTO GROUP

"We'll Tackle Any Deal"



Route 460 West
(434) 352-8221



2123 Lakeside Drive
(434) 385-9330



2123 Lakeside Drive
(434) 385-9330



2113 Lakeside Drive
(434) 385-5012

Corporate Office
2113 Lakeside Drive
Lynchburg, VA 24501
(434) 385-5012

P O Box 11828
Lynchburg, VA 24506
1-888-385-5012

June 8, 2004

Towing fee

RECEIVED

JUN 14 2004

QUANTITY RECEIVED
SERIES

Mr. L. Kimble Payne
City Manager
P.O. Box 60
Lynchburg, Virginia 24505

Dear Mr. Payne,

The reason for my letter is the proposal that the City of Lynchburg is planning to change the relation that Lynchburg Ford has with our towing service. For the past twenty-three year we have counted on Glenn Trent for fair and honest towing service.

Without a trustworthy towing service it would make it very difficult for Lynchburg Ford to remain in the body shop business. If we were to see our revenues decrease because of the plan of rotating towing services, Lynchburg Ford would have to close our doors. Any action along those lines would mean lower revenue for the city of Lynchburg.

Who is going to be accountable to my customers that I have worked so hard to satisfy is the main reason for this letter. We can not allow out of town companies to handle this business because in the long run not only does Lynchburg Ford lose but the city of Lynchburg will also end up on the short end of the stick.

Mr. Payne this is a very important issue to the Auto Dealers in this town, as a group we are some of your largest producers of revenues for the city. So please give this some serious thought before a change in made in this matter. If there is any more information that we can provide for the city please fill free to give me a call at the following number, (434)385-5012.

Sincerely,

Jim Mitchell

President

Jim Mitchell Auto Group



19018 FOREST ROAD LYNCHBURG, VIRGINIA 24502
(434) 385-8600
FAX (434) 385-8908

June 7, 2004

The Honorable Carl B. Hutcherson, Mayor
City of Lynchburg
P. O. Box 60
Lynchburg, VA 24505

Dear Mayor Hutcherson:

As a member of the Towing Advisory Board and also as the owner of Jim Martin Pontiac Buick GMC, I would like to express my concern to changing the city's current towing policy to a rotation system.

For the past 8 years I have been in business here, I have had experience with several towing companies in the area, but have used Glenn Trent as my designated towing company for several reasons:

- They have always given good prompt service
- If there is any damage due to towing it can be easily resolved as they do all of our towing
- Their charges are fair and my customers are not overcharged for towing nor for storage
- They have the necessary equipment and facilities to handle any towing situation.

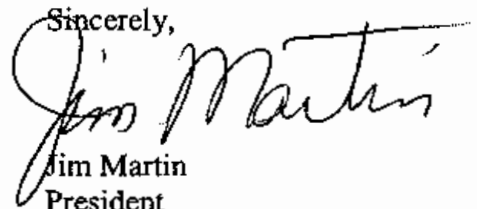
Another reason I oppose the proposed change is the possible loss of business to my parts and service departments. Under the current system, my customers cars are brought to my designated body shop(s) for repairs and they buy their repair parts from me. If we change to rotation, the towing company will be free to take the vehicle to any shop they have an arrangement with if the owner does not state a preference. This could cost me a customer I have spent hundreds of thousands of dollars in advertising to get and thousands more in facilities and payroll to keep. Now my customer's cars go to shops in the City and the City gets the benefit of revenue from them. However, the towing company on rotation basis may take it to a Campbell, Bedford or Amherst County repair shop, in which case neither the City nor I get the benefit of revenue from the repair. Also, under the current system, the customer is not being charged exorbitant amounts for towing, clean-up at accident site, nor storage charges. Under a rotation system it will be hard to make sure all customers are charged equally by all tow companies. They may have an excessive

charge just because of who got that particular tow. Then we will have upset citizens that are going to complain about the system the city uses.

Finally, I think this change will be interfering with the free enterprise system and be penalizing a company that has provided good service to their customers as well as to the City. They have invested in the equipment and facilities to make sure they can provide the needed service to their customers, including the City. My philosophy has always been "If it isn't broke, don't fix it" and I think that certainly applies to this situation. It appears we are trying to give business to companies that have not been able to earn it on their own merits. If this happens, which business will be next to ask the City to help them get additional business because they can't do it on their own?

I certainly hope all members of City government that are involved in this decision will carefully weigh all of these points before changing just for the sake of change.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Martin". The signature is fluid and cursive, with a large initial "J" and "M".

Jim Martin
President

BLUE RIDGE COLLISION, INC.

3400-B Old Forest Rd ~ Lynchburg, Virginia 24501
Phone 434-385-8088 ~ Fax 434-385-1161

20 May, 2004

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MAY 26 2004

CITY OF LYNCHBURG
OFFICE OF THE CITY MANAGER

Mr. L. Kimbal Payne
City Manager
P.O. Box 60
Lynchburg, Virginia 24505

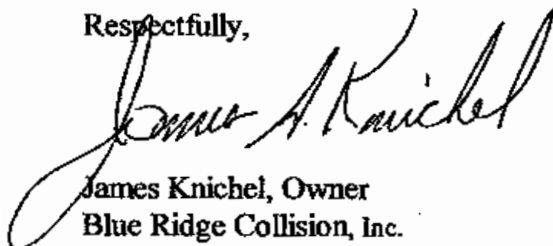
Dear Mr. Payne,

I am writing to you regarding a few of my concerns over the towing rotation issue. I have attended the last three meetings with the Towing Advisory Committee and I am convinced that the City of Lynchburg will not benefit from changing the way we operate now. If a rotation system is approved, all the vehicles picked up by the tow companies will be taken back to the towers lot for storage. In case you do not know who is involved, most of the companies involved in wanting the rotation are from the surrounding counties. What this means is that the auto repair facilities in the city will be losing work, because the repairable vehicles will not come to them. The first concern is our sales decreasing, which means less revenues i.e. - taxes, gross receipts. The second concern is accountability. With the present system, if there is a problem we know who towed the vehicle so if a complaint arises we can address it with the our tow company. If you start dealing with multiple towing companies, who do not operate their business in the city, how are you going to deal with that situation? Because, when a customer confronts me, I am going to give them your phone number and you can resolve the problem!

The third concern is the issue of the insurance companies; with the current system an insurance company can easily find a vehicle after a tow. If we change, many cars will be delayed in the repair process due to time spent searching storage lots. Also, there will be double tow bills for a second tow, which are not paid by many insurance companies. Who is going to be responsible to pay that bill? And every tow lot charges a storage fee until the vehicle is moved, and insurance companies will not pay storage on a vehicle that is repairable.

These are some, not all of the topics that concern my business and if we proceed with the rotation, I do not see how the City of Lynchburg can benefit and prosper. I do know that I am not the only business owner not in favor of a rotation for towing. Why "fix something that isn't broken"? And if this effects my business, I will be looking to take my business elsewhere!

Respectfully,



James Knichel, Owner
Blue Ridge Collision, Inc.



May 28, 2004

Mr. Kimball Payne, City Manager
P.O. Box 60
Lynchburg, Va. 24505

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JUN 01 2004

**COUNCIL MEMBERS
OFFICES**

Dear Mr. Payne,

I am writing in reference to the towing procedure currently used in the city of Lynchburg and what has been proposed by a towing company who is located outside of the city. One of the questions asked of the towing advisory board was to "consider if the city should go to rotation or remain with the past practice of signing a contract with one tower." This question alone indicates there are some city officials who are unfamiliar with the current practice. The contract you are referring to is for **city owned** vehicles and only plays a very small part in the system we use. The city of Lynchburg currently uses what is commonly referred to as the "Preferred Tower System" which most experienced towing companies are as familiar with as the "Rotation System". Where in the rotation system a towing company receives business by virtue of it being his/her turn, the "Preferred Tower System" is a market driven, free enterprise approach. The towing company has earned their business through hard work and developed business relationships with their customers ie: authorized dealerships, collision centers and service centers.

Currently the city follows 3 steps in determining the tower to be called to the scene of an accident or break-down. 1st as with every system, the owner's preference is contacted, 2nd if there is no preference by the owner or if the owner is unable to decide (example: taken to the hospital) the contracted tower for the authorized dealer for the make of that vehicle is called and taken to their designated storage facility. 3rd if steps 1 or 2 do not apply (example: no preference, and no authorized dealer for the make of that vehicle) then the city's current contracted tower is used and the vehicle is stored at that towers facility until the owner decides on disposition. The premise is if the contracted tower is qualified for city owned vehicles, it is safe and the city is held harmless to tow the private citizen's vehicle.

It is important to note the "preferred tower system" is commonly used by motor clubs and roadside assistance services, which is one of the fastest growing segments of business for towing companies. These service companies follow the philosophy that the manufactures have a chosen representative (authorized dealer) and the authorized dealer has a chosen representative/business relationship with a qualified towing company, thus there is a chain of responsibility and accountability to the vehicle owner. With this system the city should not have to be a part of the accountability chain. In "rotation" the accountability chain is first with the towing company and then with the City, after all you are the one who chose that towing company.

Pricing is another important issue. With "rotation" you have given a tower business simply because it's his/her turn and then not control the price they are charging. Remember the vehicle owner at this stage is not getting a choice of tower so the owner is forced to pay the price. Again accountability falls back to the city because the city chose him/her. With "preferred towing" the owner still may not have had a choice of towers but accountability is with that manufactures representative and with the manufacturer, as well as the tower. There is recourse and again he/she is the preferred tower because of free enterprise, which

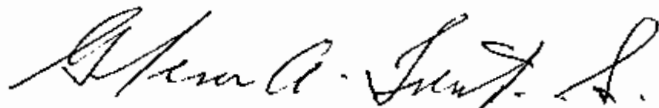
7335 Wards Road
Rustburg, VA 24588
434-821-1513

12th & Kemper Streets
Lynchburg, VA 24501
434-846-1383

usually means good service, and competitive pricing, among other things. It is interesting to note the City of Lynchburg has practiced for over 40 years a system that only in recent years our industry has discovered to be accountable, effective and fair to everyone.

The bottom line is as Murphy's Law states "if it isn't broken, don't fix it". There have been no complaints by anyone who believes in free enterprise and is willing to earn their business, unlike what happens in the "rotation system" where towers are simply handed their next assignment.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn A. Trent, Sr.", written in a cursive style.

Glenn A. Trent, Sr.
President

Cross Country Automotive Services Introduces Performance AdvantageSM to Service Provider Community

Performance Advantage Focus is on Better Quality Service to Customers and Providing High Value to Service Providers

BOSTON, MA - June 1, 2004- Cross Country Automotive Services (Cross Country), a leading provider of emergency roadside assistance to automotive OEM's, property & casualty insurers, and other industry leading organizations, announced today that it has launched Performance AdvantageSM, a program aimed at delivering even higher levels of customer satisfaction and rewarding service providers who meet new, more rigorous performance criteria. Building on Cross Country's success with its Performance RewardsSM program-a model that leverages data to select the best possible service provider to assist a customer-Cross Country will again raise the bar for service in the roadside assistance industry.

Performance Advantage will be open to service providers from across the country. To be eligible for the program, service providers will be required to meet specific criteria including fleet capacity requirements, insurance coverage levels, market specific pricing, and performance level commitments. In exchange for this higher level of service delivery, service providers will benefit from a consistent, high volume of dispatches, enabling more effective fleet management and better profitability. Service providers will also be rewarded with enhanced services from Cross Country which will include prioritized call handling, electronic funds transfer, electronic dispatching capabilities and greater Argosi AdvantageSM benefits.

Over the past thirty years, Cross Country has set the industry standard for roadside assistance with the company's innovative services such as Closed-LoopSM, a customer assurance system that informs the customer of service provider and arrival time, then checks back after the expiration of the ETA to verify arrival; Performance Rewards, performance management technology that determines the best possible service provider to assist a customer in need; and Argosi.net[®], a web portal dedicated to providing service providers with a powerful tool that enhances claims and business management processes.

"Cross Country continually strives to bring better, faster, more cost-effective service to the marketplace. And we believe we have the right formula" said Steven Rubin, Vice President of Network Management at Cross Country. "By working collaboratively with our service provider community, we continue to learn and respond through innovative programs like Performance Advantage. Once again they've asked for it and we're delivering it".

Cross Country leads the roadside assistance marketplace with over 100 corporate clients, including nearly 70% of the automotive brands, every one of the top 20 property and casualty insurers that has chosen to outsource their towing and road service business, and other leading automotive retailers, financial institutions, and membership and affinity organizations.

To learn more about Performance Advantage, please call Cross Country's Performance Advantage Hotline at 1-800-828-1037.

About Cross Country Automotive Services

Headquartered in Boston, Massachusetts, Cross Country Automotive Services is a leading provider of integrated vehicle and driver programs in North America. Over 1,500 Cross Country employees serve more than 100 corporate clients and their more than 40 million customers each year. Cross Country Automotive Services is a member of The Cross Country Group, one of the largest privately held providers of customer service programs in the United States. For additional information on

Cross Country Automotive Services, please visit their Web site at www.crosscountry-auto.com